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HIGHLIGHTS OF SELF EMPLOYMENT OF ETHNOCULTURAL GROUPS IN CANADA

Report 1: Introduction and Overview

Multiculturalism Canada

March, 1986

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A. INTRODUCTION

1. General

In Canada, the small business sector has made an important contribution to economic growth and job creation in the recent past. In 1980 approximately 96% of firms operating in Canada reported sales below $2 million, one of the general criteria for defining small business. These firms provided 26% of total Canadian employment. They also accounted for virtually 100% of net job creation over the 1978-1982 period.

Understanding the factors that lead to success in small business is therefore very important. Two aspects of small business recently studied are the motives for self-employment as a contributor to small business creation and ethnocultural traditions and values that might reinforce these motivations. A recent study[1] in the United States examined self-employment rates of the 50 largest U.S. ancestral groups. Results indicate a wide range of self-employment rates that tend to be consistent for various groups across different regions of that country.

In the present report and others on selected industries, a first overview of self-employment in Canada's ethnocultural groups is presented. These reports are intended to highlight information for the public and for future research, focussing on one aspect of the economic contribution of ethnocultural groups to Canada.

2. Self-Employment

Self-employed persons are those who reported being self-employed in the 1981 census. Self-employment is thus a question of attitude to one's employment as well as of objective fact. For example, the president of a small incorporated company who founded it himself may consider himself self-employed whereas, formally, he works for the company. For this reason there is overlap between self-employment and small business.

However, self-employment covers a wide range of activities from farming to taxi-driving to fishing to accounting. The interpretation of self-employment would vary according to the type of industry and occupation involved. This is particularly true in examining different regions of the country where types of dominant industry vary.

1 Business Participation Rates of the 50 Largest U.S. Ancestry Groups: Preliminary Report, U.S. Department of Commerce, June 1985.

3. Self-Employment Rates

The American Study uses the ratio of number of self-employed per 1,000 in the group analyzed. In the following reports we have used two ratios:

- number of self-employed per 1,000 over age 15 in the group analyzed
- number self-employed per 100 in the labour force in the group analyzed

The first ratio is useful where one looks at self-employment as a choice among others such as not in the labour force, unemployment, salaried worker, unpaid family help.

The second ratio is applicable to examining variations among those who have chosen to participate in the labour force.

Furthermore, the self-employment rates of a group can be affected by variables such as the age structure of that group. Where there is a large proportion of a group between 15 and 25, for instance, the self-employment rate could be reduced, since many of these individuals would still be in school or would not yet have acquired the knowledge, the experience or the capital to be self-employed.

4. Ethnocultural Groups

Membership in an ethnocultural group is determined according to the 1981 census question:

- To which ethnic or cultural group did you or your ancestors belong on first coming to this continent.

For some groups, further analysis was required, since a significant number of respondents gave more than one origin. Similarly, groups based on factors of physical appearance such as visible minorities require additional analysis, since for instance, the census question did not necessarily elicit responses such as "Black" from all those persons with a black heritage. "French", "British", "Haitian" or "Jamaican", would be other answers such individuals might give.

Finally, the size of groups in Canada poses a problem of analysis. When groups are too small, reliable data is impossible to obtain, especially when a number of variables are examined.

In the following reports, data has been regrouped at various points to form groups large enough to analyze, especially with regard to participation in selected industries.

B. OVERVIEW HIGHLIGHTS

1. Self-Employment by Ethnocultural Group

- According to 1981 census, data, the self-employment rate for Canadians over 15 was 62.7 per thousand.

- Of those reporting a single ethnic origin, the participation rates for the British and French groups were 59.1 and 48.6 respectively.

- The rate for Canadians reporting a single other ethnocultural origin was 84.5

Groups within 10 of the average rate for all Canadians.

British	59.1
Finnish	64.1
Italian	64.5
Polish	69.0
Yugoslavian	71.4

Groups more than 10 above the average rate:

Chinese	72.9
Russian	81.0
Ukrainian	88.1
Czech/Slovak	91.3
Hungarian	95.1
West Asian/Arab	99.9
German	103.0
Scandinavian	103.1
Dutch	107.9
Far East Asian (Japanese & Korean)	109.7
Greek	124.2
Jewish	149.6

Groups more than 10 below the average rate:

Indo-Pakistani	50.7
French	48.6
Spanish	48.4
Latin American	34.3
Portuguese	30.8
Black	26.5
Philipino	17.6

2. Male-Female Differences in Self-Employment

- For every group the self-employment rate for males is higher and often much higher than the rate for females.
- The Canadian average for males is 102.2; for females it is 24.5
- The range of self-employment rates is much wider for males than for females.
  - For males
    23.8 (Philipino) to 242.9 (Jewish)
  - For females
    12.8 (Black) to 67.9 (Far East Asian)
- Otherwise the patterns for males and females follow the general pattern indicated for the averages above.

3. Self-Employment by Immigrant Status

- One general pattern for differences by Immigrant Status is represented by the average rates for all Canadians:

° Immigrated as adult (more than 20 years old)	77.4
° Immigrated as Child (less than or equal to 20 years old)	68.9
° Born in Canada	60.0

- This pattern is followed by the Germans, Czechoslovaks, Yugoslavs, Greeks, Portuguese and Chinese.
- However, there are many variations on this pattern:
  - Among the British origin group those born in Canada (60.2) have a rate similar to adult immigrants (59.1) and greater than child immigrants (44.1)
  - Among the French origin group, those born in Canada (48.3) have a rate similar to child immigrants (47.1) and much less than adult immigrants (77.3)
  - Still other groups (Ukrainian, Polish, Russian) show a pattern where self-employment increases from Adult-immigrants to Child immigrants to those born in Canada.

- Again, age structure of the groups involved, time of arrival in Canada and region settled could influence these patterns.

4. Self-Employment by Region

- Self-employment rates vary considerably from one region to the other.

- In all regions, those of ethnic origin other than British and French have the highest rate of self-employment.

- In Quebec, Saskatchewan, Newfoundland, British Columbia, Nova Scotia, and the Northwest Territorities, those of French origin have higher self-employment rates than those of British origin. In the other provinces and territories the reverse is the case.

- Self-employment rates vary from a low of 43.2 in New Brunswick to a high of 137.1 in Saskatchewan.

- Excluding Prince Edward Island, provinces to the east of Manitoba/Ontario Border have significantly lower rates than those to the west.

Newfoundland	52.9
Nova Scotia	47.8
New Brunswick	43.2
Quebec	49.3
Ontario	56.9
P.E.I.	90.7
Manitoba	79.9
Saskatchewan	137.1
Alberta	90.6
British Columbia	69.6

- Farming could play a preponderant role in self-employment rates in some of these cases.

- Along these lines, we note that urban centres examined (Toronto, 53.5; Montreal, 43.7; and Vancouver, 62.1) tend to have self-employment rates lower than those of the provinces where they are found.

C. CONCLUSION

- The important role of ethnocultural groups in self-employment is confirmed by this analysis; there may be ways to better access this experience and expertise.

- At the same time, some groups may have high self-employment because they encountered discrimination in working for others; this possibility should also be explored.

- The lower rates of self-employment for women of all ethnocultural groups needs to be examined more closely.

- The meaning of self-employment by region needs to be explored to understand the type of variation indicated by the data.

- Immigrants play a major role in self-employment; this issue could have its policy implications.

- Lower rates for certain groups should be looked at carefully. There may be a particular need for promotion, information, education in these groups, relating to self-employment and small business.